

WASHINGTON (November 19) - Congressman Spencer Bachus (AL-6) today strongly advocated and then voted for adoption of the "Audit the Fed" amendment introduced by Representative Ron Paul.

The House Financial Services Committee accepted the amendment by a vote of 43-26 during a markup of financial reform legislation.

Bachus, who is Ranking Member on the Committee, spoke on behalf of an amendment based on Rep. Paul's H.R. 1207, which empowers the Government Accountability Office (GAO) to conduct audits of the Federal Reserve Board.

Bachus said, "Over the last year and a half, the Fed has used its authority under Section 13(3) to conduct market interventions which doubled the size of its balance sheet to over \$2 trillion. These interventions in virtually every corner of the American economy require greater disclosure if Congress is to perform effective oversight. The GAO audits this amendment requires would give taxpayers and market participants a better understanding of the reasoning behind Fed policies. Increased transparency should lead to better-informed decisions."

Congressman Paul said, "I am very grateful to Congressman Bachus and all the other Members who were so supportive and helpful in this effort."

Committee markup is expected to resume after the Thanksgiving recess.

The full remarks of Congressman Bachus follow.

"Mr. Chairman, I strongly support the amendment offered by the gentleman from Texas. Members on both sides of the aisle can agree that Americans are tired of paying for Wall Street's mistakes with costly bailouts orchestrated under a veil of secrecy. Many of these bailouts have been funded by the Federal Reserve using its authority under

Section 13(3) of the Federal Reserve Act. The Paul amendment will bring much needed accountability to the Federal Reserve by subjecting their interventions into the financial markets to a GAO audit. This amendment is based on H.R. 1207, a bi-partisan bill with 309 cosponsors in the House and 30 co-sponsors on Senate companion legislation.

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"Some critics of a GAO audit of the Federal Reserve argue that enhanced oversight will limit the central bank's independence and its ability to properly conduct monetary policy. In fact, this amendment explicitly states that none of its provisions constitute interference in or dictation of monetary policy. Also, the amendment calls for an 180-day time lag on publication of records related to specific market interventions to avoid destabilizing markets or stigmatizing individual firms."

"Mr. Chairman, proper oversight of the Federal Reserve is essential to financial regulatory reform and the U.S. economic recovery. The enhanced oversight required by the Paul amendment will be even more important if the underlying bill is successful in granting a large part of the authority to address financial instability to the Federal Reserve Board."

"The Democrat bill represents the most breathtaking expansion of Federal Reserve power since the central bank's creation almost a century ago. In fact, the bill expands the Fed's power over the economy in at least 20 different ways. It gives the Fed broad discretion to decide which financial firms need to be put through a resolution process funded by means of a permanent TARP."

"I again commend the gentleman from Texas for his work on this amendment and urge my colleagues to support it."